



January 24, 2003

Marvin Rose
456 West Olive Ave.
Sunnyvale, CA 94088

Re: Proposal relating to the operation of the SMaRT Station.

Dear Mr. Rose

In the spirit of continuing to increase the diversion of solid waste at the Sunnyvale Materials Recovery and Transfer Station, Green Team / Zanker makes the following proposal.

We have operated the SMaRT Station for two years and have improved operating efficiencies and expanded recycling markets. This results in our belief that we can achieve greater diversion than the 18% diversion incentive that is currently in place.

We propose that the recycling level for purposes of sharing material revenue be increased from 18% to 20%. We request that this be done as a continuation of the graduated scale of revenue sharing included in Exhibit P of our agreement to operate the SMaRT Station. This will create the incentive for us to (continue to) obtain 20% on a monthly basis and replace our current disincentive to recycle beyond 18%. For example, in December 2002 we accomplished 18.5% and could have probably achieved 20%.

This attached analysis illustrates a possible result of this proposal had the revised revenue, sharing taken place for the months of May 2002 through December 2002.

We look forward to discussing this proposal with you at your earliest convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Paul Nelson".

Paul Nelson
General Manager

Cc: Mark Bowers
Rich Gurney
Debbi Sargent ✓
Todd Storti

Proposal to the City of Sunnyvale
From GreenTeam/Zanker
January 24, 2003

Proposed Addition to Exhibit P of the Agreement for the Operation
of the Sunnyvale Materials Recovery and Transfer Station

	<u>Contractor's Revenue Share</u>	<u>City's Revenue Share</u>	<u>Recycling Level Achieved</u>			
	93.0%	7.0%	20%+			
	88.5%	11.5%	19.5% - 19.9%			
	84.0%	16.0%	19.0% - 19.4%			
	79.5%	20.5%	18.5% - 18.9%			
	75.0%	25.0%	18.0% - 18.4%			
<u>MONTH</u>	<u>PER CITY PAYMENT NET SHARED SALES AMT</u>	<u>PER CITY DIVERSION %</u>	<u>% SHARED W/CITY CURRENT STRUCTURE</u>	<u>AMOUNT</u>	<u>% SHARED W/CITY REVISED STRUCTURE</u>	<u>AMOUNT</u>
MAY 02	\$324,044.91	20.21%	25%	\$81,011.23	7%	\$22,683.14
JUN 02	\$281,634.13	18.30%	25%	\$70,408.53	25%	\$70,408.53
JUL 02	\$281,731.87	21.45%	25%	\$70,432.97	7%	\$19,721.23
AUG 02	\$270,614.43	21.18%	25%	\$67,653.61	7%	\$18,943.01
SEP 02	\$189,013.99	23.36%	25%	\$47,253.50	7%	\$13,230.98
OCT 02	\$192,367.25	22.38%	25%	\$48,091.81	7%	\$13,465.71
NOV 02	\$321,011.56	20.87%	25%	\$80,252.89	7%	\$22,470.81
TOTAL	<u>\$1,860,418.14</u>			<u>\$465,104.54</u>		<u>\$180,923.41</u>
Monthly Average	<u>\$265,774.02</u>	<u>21.11%</u>		<u>\$66,443.51</u>		<u>\$25,846.20</u>
		Differential			\$40,597.30	
		Sunnyvale Share	50%		\$20,298.65	
		Anuallized			\$243,583.82	